

Sixtieth
Legislative Assembly
of North Dakota

SENATE BILL NO. 2291

Introduced by

Senators Potter, Bakke, Nelson

Representatives Boucher, Glassheim, Kaldor

1 A BILL for an Act to create and enact a new section to chapter 57-38 and a new subsection to
2 section 57-38-30.3 of the North Dakota Century Code, relating to an individual and corporate
3 income tax credit for a portion of property taxes, rent, and mobile home taxes paid by the
4 taxpayer; to provide an appropriation; and to provide an effective date.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1.** A new section to chapter 57-38 of the North Dakota Century Code is
7 created and enacted as follows:

8 **Credit for property taxes, rent, and mobile home taxes.**

- 9 1. A taxpayer is entitled to a tax credit against tax liability as determined under
10 section 57-38-29, 57-38-30, or 57-38-30.3 in the following amounts:
- 11 a. Ten percent of property taxes in dollars levied against residential property in
12 this state and paid by the taxpayer during the taxable year.
- 13 b. Five percent of property taxes in dollars levied against commercial,
14 agricultural, railroad, or air carrier transportation company property in this
15 state and paid by the taxpayer during the taxable year.
- 16 c. Two percent of rent paid during the taxable year by the taxpayer for living
17 quarters in this state.
- 18 d. Ten percent of mobile home taxes in dollars assessed under chapter 57-55
19 and paid by the taxpayer during the taxable year.
- 20 2. A partnership, subchapter S corporation, limited partnership, limited liability
21 company, or other passthrough entity that made payments during the taxable year
22 eligible for a credit under subsection 1 must be considered to be the taxpayer for
23 purposes of this section and the amount of the credit allowed with respect to the
24 entity's payments must be determined at the passthrough entity level. The amount

of the total credit determined at the entity level must be passed through to the partners, shareholders, or members in proportion to their respective interests in the passthrough entity.

3. If a taxpayer entitled to the credit under this section is a member of a group of corporations filing a North Dakota consolidated tax return using the combined reporting method, the credit may be claimed against the aggregate North Dakota tax liability of all of the corporations included in the North Dakota consolidated return.

4. The credit allowed under this section may not exceed the taxpayer's tax liability under this chapter for the taxable year. If the amount of the credit determined under this section exceeds the taxpayer's tax liability under this chapter for the taxable year, the tax commissioner shall issue the taxpayer a certificate in the amount of the excess unless the taxpayer rents living quarters. The certificate may be used by the taxpayer during the ensuing taxable year against property or mobile home tax liability of the taxpayer by delivering the certificate to the county treasurer in which the taxable property or mobile home is subject to taxes. The county treasurer shall forward certificates redeemed in payment of a tax obligation under this section to the tax commissioner, who shall issue payment to the county in the amount of the certificates, within the limits of legislative appropriations. If the amount of the credit determined under this section exceeds the tax liability under this chapter for the taxable year for a taxpayer who rents living quarters, that taxpayer may carry the unused portion of the credit forward for up to three taxable years.

SECTION 2. A new subsection to section 57-38-30.3 of the North Dakota Century Code is created and enacted as follows:

A qualified taxpayer filing a return under this section is entitled to the credit provided under section 1 of this Act.

SECTION 3. APPROPRIATION. There is appropriated out of any moneys in the general fund in the state treasury, not otherwise appropriated, the sum of \$9,200,000, or so much of the sum as may be necessary, to the tax commissioner for the purpose of payments to

- 1 counties for property tax certificates issued under section 1 of this Act, for the biennium
- 2 beginning July 1, 2007, and ending June 30, 2009.
- 3 **SECTION 4. EFFECTIVE DATE.** This Act is effective for taxable years beginning after
- 4 December 31, 2006.